

Creating Community: Providing Affordable Housing on the San Juan Islands



Community Land Trusts & Rural Development Project



**This project is made possible with funding from the Real Estate Foundation of British
Columbia**



NOTE TO READER

This report describes the three Community Land Trusts (CLTs) operating on the San Juan Islands of Washington State. While there are now over 200 CLTs in the United States alone, these three CLTs are widely recognized as some of the most successful rural affordable housing CLTs in the U.S.

This report is one of several documents created as part of the Community Land Trusts & Rural Development Project created and managed by SIBAC in partnership with Urban Matters and the Real Estate Foundation of BC. Additional reports and documents created as part of this project will be made available on the SIBAC website.

SIBAC gratefully acknowledges the financial support of the Real Estate Foundation of BC as a funding partner in this project.

SIBAC would also like to thank Lisa Byers, Sandy Bishop and Nancy DeVaux and their respective organizations for their time and effort in helping us prepare these case studies.

SIBAC is a non-profit rural development organization. SIBAC's founding members are the nine Regional Districts and six Tribal Councils in the southern interior and the CFDC of Central Interior First Nations. Committed to advancing rural development in the province, SIBAC focusses its activities on three major areas (i) providing a southern interior rural perspective into government consultation processes (ii) encouraging the development of new rural development policies and programs and (iii) developing and leading strategic rural development projects. www.sibacs.com

The Real Estate Foundation is a philanthropic organization that helps advance sustainable land use in British Columbia. They provide grants to non-profit organizations working to improve BC communities through responsible and informed land use, conservation and real estate practices. www.refbc.com

The San Juan Islands — an Overview

Washington State’s San Juan Islands are located between Anacortes, Washington and Vancouver Island in the Salish Sea (Gulf of Georgia). Collectively, the islands comprise San Juan County, consisting of four main islands — Orcas, San Juan, Lopez, and Shaw — as well as numerous smaller islets. San Juan County had an estimated population of 16,252 in 2015. Within the county there is only one incorporated community — Friday Harbor, population 2,215, on San Juan Island.



The San Juans are extremely popular with recreational second home owners, retirees, and tourists. While the islands are quite close geographically, the permanent residents of Orcas, San Juan, and Lopez display a loyalty to and pride in their respective islands. Thanks to small but strong cores of community leaders, all three of these islands have developed impressive community land trusts that operate completely independently of one another.

Some key San Juan County statistics include:

- Despite only having a resident population of 16,252, there were an estimated 13,806 housing units in San Juan County in 2015; demonstrating the very high number of second homes.
- The average hourly wage is \$19.95, 10% lower than the state average
- Nearly 30% of the county’s population is over 65; the state percentage is 14.1%
- Annual visitor estimates range from 750,000 to 1,250,000
- The median value of a owner-occupied homes is \$467,000, compared to the U.S. average of \$175,700
- Per capita county income in 2015 was \$58,718, well above both the state (\$47,717) and national (\$44,765) averages
- Between 2009 and 2013, 10.8% of the country’s resident population fell below the official poverty line. The statewide average for the same period was 13.4%, while the national average was 15.4%.



OPAL (Of People And Land) **Community Land Trust,** **Orcas Island, WA**

“... as the ‘hidden Paradise’ reputation of Orcas grew with vacationers and second-home owners, soaring land and home prices increasingly made living on the island challenging for the low- and modest-income full time residents who originally called Orcas home and kept it running – teachers, health techs, waiters, builders, artists, and small business owners. In short, Orcas developed an affordable housing shortage. Orcas Island and other rural places have tackled this issue by developing a community land trust to make sure low-income families can rent or purchase affordable homes in their community.”

– Rural Family Success Action Network

Geographically the largest of the San Juan Islands, Orcas is 56.9 square miles and has a permanent population of approximately 4,900.

OPAL CLT is a registered non-profit and charitable society, established in 1989. OPAL Community Land Trust’s mission is, *“to help sustain Orcas Island as a healthy, economically diverse community by providing permanently affordable homes and support for islanders – families, seniors, and singles – whose housing needs are not met by the traditional market.”*

OPAL CLT

- Established in 1989
- First home built in 1992
- OPAL has built or renovated 95 single family homes & 20 rental apartments in eight neighbourhoods.
- OPAL neighbourhoods & apartments are home to nearly 15% of all school-aged children on Orcas Island
- Median price of a home on Orcas Island is \$380,000 – the price of a typical OPAL house is \$159,000
- OPAL projects have attracted over \$8.1 million in state & federal funds
- Approximately 17% of a typical OPAL project is paid for through private donations. Homeowner mortgages cover 63%, and government grants the remainder.

OPAL CLT accomplishes its mission by:

- Acquiring land and buildings;
- Developing land in an environmentally & socially responsible manner;
- Constructing or renovating buildings, ensuring they are healthy, durable and environmentally efficient;
- Educating and counseling home buyers and rental tenants;
- Facilitating financing for mortgages and home repairs; and
- Stewarding what it creates for current and future generations.

OPAL - like the other San Juan CLTs - views it work as much larger than simply providing affordable housing. The work of the OPAL CLT and other CLTS is about community building. The OPAL houses create affordable homes for much needed younger residents who through their employment on the island provide a variety of services (e.g. health care workers, teachers, service workers) and small businesses that are needed by other island residents (e.g. landscaping and home maintenance businesses, groceries, etc.). While the median age of Orcas Island is 55.3 the median age of OPAL home owners and renters is 31.1.

OPAL leverages private donations, state and federal grants, low-interest mortgage loans, and countless staff and volunteer hours to create stable, permanently affordable housing for qualifying Orcas Island residents whose needs are not met by the traditional real estate market. In most cases, OPAL designs and builds the houses they sell. In some cases, existing houses — either purchased or donated — are renovated and relocated when necessary. Design, construction, and renovation follow OPAL’s green building guidelines, so structures are healthy, durable, and energy efficient.

Once OPAL raises the funds necessary to purchase land and install the required infrastructure — sewer, water, access roads, parking, etc. — the CLT then secures financing to allow it to construct homes on the property.

When homes are ready, OPAL, usually through a waiting list, identifies potential buyers, and if needed, helps them secure a mortgage. The value, or sale price, of each new home is determined by OPAL and set at a price that is affordable for a typical household earning 65% of the median income. Buyers cannot have income and/or assets that would enable them to purchase a low-priced house in the traditional market. Applicants must be creditworthy and have lived in San Juan County for at least three years (not necessarily the last three consecutive years), unless there is no waiting list.

Households that qualify for OPAL homes must generally have incomes below 80 % of the Area Median Income (AMI) for San Juan County (ten of OPAL’s homes were developed without government funding and so purchasers may have incomes above 80% as long as their combined income and assets does not allow them to purchase a home in the traditional market.).

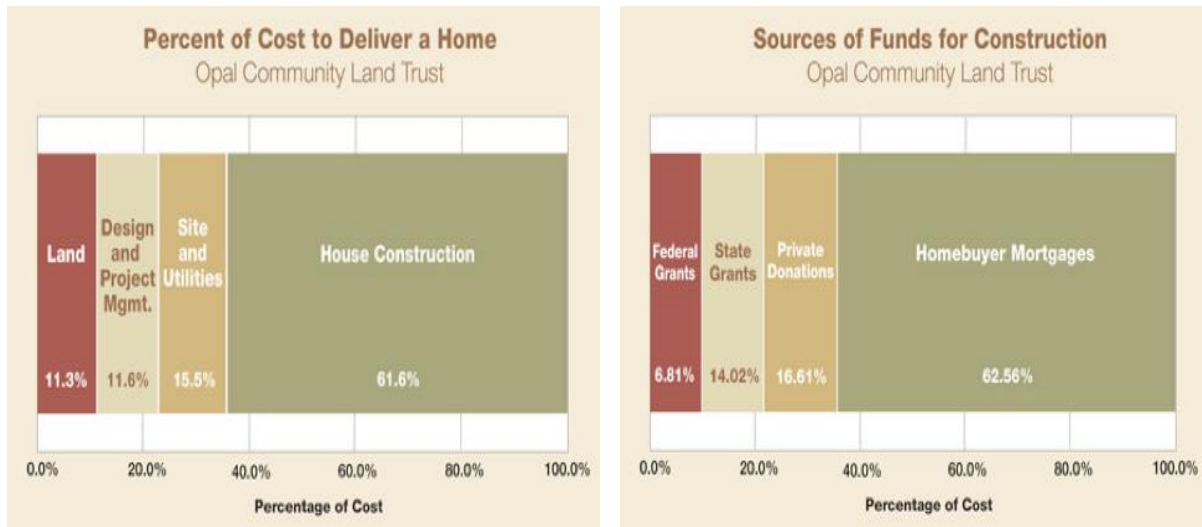
Currently, 80% of AMI is:

Household Size	1	2	3	4	5
Income	\$37,450	\$42,800	\$48,150	\$53,450	\$57,750



OPAL CLT Homes in Oberon Wood and Oberon Meadow

Most OPAL homeowners can access a federal mortgage program created to assist lower income households. Amortization periods for such mortgages are typically 33 years, but can go as high as 38 years if it helps with qualification. Mortgages can be as high as 100% of the purchase price. Some OPAL homeowners are able to secure their mortgages through a traditional bank — most of these bank mortgages are at a fixed interest rate and based on 30 year amortization. As noted in the charts below, mortgages typically cover constructions costs. Grants and donations cover land, design, and management plus site preparation and utility expenditures.



Ensuring OPAL Homes Remain Affordable

Although the homeowner “owns” the house, and the house can increase in value over time, OPAL, as with all community land trusts, keeps its houses affordable over the long term by:

- (1) Retaining ownership of the land the house is built on, leasing the land to the homeowner; and
- (2) Codifying in the lease a resale formula that limits the future sale price of the home to an amount that will be affordable for future buyers.

The lease is for 99 years, and provides homeowners with most of the rights and responsibilities of traditional ownership. In OPAL’s case, homeowners are charged a monthly management fee and an amount for taxes and insurance, making the typical lease fee \$38/month. OPAL also manages the Homeowners Association funds and reserves for each of its neighbourhoods, so the average monthly amount paid by a homeowner is \$112, in addition to their mortgage payment.

OPAL uses the index method to determine the resale price of homes when owners (lessees) wish to sell. Owners may sell their home for more than they paid, but their gain is restricted to the percentage gain specified by the formula.

An index-based formula relies on a common index, such as the consumer price index, to determine a home’s resale value. If the index goes up by 20% during the period of ownership, then the value of the home goes up by 20% as well. Most index formulas include some mechanism for adding value to the home for additions and some improvements. OPAL has

adopted an index formula that also adds value for a well maintained home and subtracts value for a home that is not well maintained.

Here's an example.

An average home in OPAL's Bonnie Brae neighborhood, completed in 1999, cost \$130,000 to develop, including the cost of land and infrastructure. OPAL secured \$25,000 per unit in grant funding from the Community Development Block Grant Program and the State of Washington Housing Trust Fund. Those grants enabled OPAL to set the average sales price for a home at \$105,000 (\$130,000 - \$25,000). From 1999 to 2012 the consumer price index for the Seattle-Bremerton area increased by 38.1%. If the original owner decided to sell in 2012, 13 years after she purchased it, and if she did not build an addition onto her home, the sale price would be \$142,800.

To recap:

Original Purchase Price	
Cost to Construct	\$130,000
Minus grant funding for land & infrastructure	\$- 25,000
Equals the Original Purchase Price	\$105,000
Change in Value for Resale	
% increase in consumer price index during period	38.1%
Appreciation over 13 years (Purchase Price x .381)	\$40,021
Sales Price (Original Purchase Price + Appreciation)	\$145,021

In comparison to the above, the assessed value of real property on Orcas Island during the same time period, 1999 to 2012, increased by 93.3%. This same house, with a value in 1999 of \$130,000, would have sold in 2012 for about \$251,290 instead of the OPAL price of \$145,021.

When an OPAL homeowner wishes to sell, OPAL staff will facilitate by helping the seller understand the process, by finding a buyer, and assisting the buyer in securing financing. OPAL staff members are assigned to support the seller and buyer, respectively.



OPAL CLT Homes in Opal Commons

The First OPAL Neighbourhood – Opal Commons

This neighborhood boasts a number of firsts. It was OPAL's first neighborhood, created at a time (1994) when nothing like it existed on Orcas Island. The 18 homes were the first community land trust houses to obtain mortgage financing from the U.S. Department of Agriculture's Rural Housing Service. It is also one of the first rural projects funded by

Washington State's Housing Trust Fund. The total project cost was just under \$1.6 million as detailed below:

- Raw land (6.7 acres) costs was \$78,172
- Services and infrastructure (site prep & utilities) was \$120,880
- Construction costs for the 18 homes was \$1,396,581 (approx \$ \$77,587/home)
- Total expenditures was \$1,595,634 (approx \$88,646/home)
- Funding for the project came from Donations \$10,000 (0.6%); Federal Grant \$80,000 (5.2%); State Grant \$300,000 (19.4%); and homebuyer mortgages \$1,159,100 (74.8%).

As of June 2016, OPAL CLT has created a total of 103 permanently affordable homeownership units, 29 permanently affordable rental apartments and 5 offices for rental/lease in eight neighbourhoods. The following tables provide information on the larger developments:

OPAL CLT Neighbourhoods

	Date Completed	Homes	Total Acres	Common Land	Avg. Lot Size	Smallest House	Largest House
Opal Commons	1995	18	6.7	3.9 acres (incl. community garden)	6,764 sq ft	816 sq ft	1,312 sq ft
Bonnie Brae	1999	24	12	9.75 acres	4,075 sq ft	945 sq ft	1,328 sq ft
Oberon Wood	2002	5	1.75	1.22 acres (incl. community garden)	4,705 sq ft	912 sq ft	1,578 sq ft
Lahari Ridge	2005	6	6	3 acres (incl. community garden)	7,661 sq ft	860 sq ft	1,078 sq ft
Wild Rose Meadow	2010	32	6.67	4 acres (incl. community garden)	2,604 sq ft	740 sq ft	1,720 sq ft
Oberon Meadow	2013	4	0.95	0.3 acres	4,298 sq ft	828 sq ft	1,064 sq ft

Construction Costs

Neighbourhood	WA State Grant	Federal Grant(s)	Donations/ Foundations	Homebuyer Mortgages	Total
Opal Commons	\$300,000 (19.4%)	\$80,000 (5.2%)	\$10,000 (0.6%)	\$1,159,100 (74.8%)	\$1,549,100
Bonnie Brae	\$250,000 (8.3%)	\$350,000 (11.6%)	\$135,000 (4.5%)	\$2,293,250 (75.7%)	\$3,028,250
Oberon Wood	\$197,770 (25.6%)	\$0	\$56,917 (7.4%)	\$517,453 (67.0%)	\$772,140
Lahari Ridge	\$248,380 (20.5%)	\$0	\$129,286 (10.7%)	\$831,181 (68.8%)	\$1,208,847
Wild Rose Meadow	\$1,390,000 ((13.6%)	\$770,000 (7.5%)	\$2,482,334 (24.3%)	\$5,567,602 (54.5%)	\$10,209,936
Oberon Meadow	\$85,000 (9.9%)	\$0	\$114,792 (13.4%)	\$660,000 (76.8%)	\$859,792

Other OPAL Developments

In 2001, OPAL initiated a “Scattered Sites” program, and has subsequently added single-family residences in a range of locations. Most houses were acquired and renovated by OPAL through a combination of state grants and private donations, including a number of houses that were donated outright.

In 2004, OPAL built its first rental apartments, part of a mixed-use development of four buildings that includes adjoining office space. Two of the buildings reflect historic structures that once stood on the property. The site design preserves an old pear orchard and includes a community garden. The seven apartments range in size from 400 to 700 square feet. The OPAL office is located here, together with several other small businesses.

In January, 2007, OPAL purchased six acres in the hamlet of Orcas Village, to be developed as a cluster of permanently affordable homes. Applicable zoning allows one home per half acre for housing that is and remains affordable for at least 50 years. Changing economic conditions as well as changes to the country’s Critical Areas Ordinance (CAO) delayed the design and development of homes on this site. The CAO is now finalized, allowing OPAL to resume the process of determining how best to use this land.

OPAL CLT Governance, Administration and Operating Budget

OPAL’s 10-12-member board of trustees directs and approves the strategic and operational plans of the CLT. Former board members may lead committees. Decisions are made by consensus of the members. Five staff work 71% of full time, representing four full-time equivalents — only the executive director works full time. Additional positions include Stewardship & Project Manager, Housing Manager, Office Manager, and Publications & Outreach Manager.

As shown in the Table below, OPAL’s operating budget and expenses vary considerably year to year based primarily on construction activity and grants and contributions received in any one year.

	2015	2014	2013	2012
Total Revenues	\$3,309,230	\$1,125,555	\$1,450,566	\$2,117,178
Total Expenses	\$1,563,000	\$960,199	\$962,009	\$725,760
Net Assets	\$12,627,732	\$10,881,502	\$13,501,744	\$13,269,600

The OPAL CLT keeps core administration costs very low. In 2015, OPAL CLT received \$402,985 in lease fees and rents but only spent \$61,117 on core administration costs. The OPAL Legacy Circle is an endowment fund established to help fund OPAL’s operations. During 2015 OPAL CLT received \$1,500,000 in bequests to add to their OPAL Legacy Circle endowment fund.

The OPAL CLT is also actively working to establish an island Community-Based Loan Fund to provide real-estate based loans to OPAL clients who are creditworthy but unable to currently secure bank financing. In 25 years with 161 homeowners, no OPAL homeowner has ever lost their home due to foreclosure.



OPAL CLT Homes in Wild Rose Meadow

Further Information

The OPAL website www.opalclt.org has extensive resource material including several very good videos and annual reports describing the history of the CLT, its operations and its impacts.

OPAL produced a two page summary report to the community detailing its 25 years of accomplishments available at www.opalclt.org/wp-content/uploads/OPAL-2014-All-Island-Mailer.pdf



LOPEZ COMMUNITY LAND TRUST

Unleashing the Power of Community

Lopez Island, WA

“Lopez CLT’s stated mission is not only to provide affordable housing but also to serve as a model for land stewardship. Its work extends deeply into sustainable agriculture and the rural development of the island. LCLT is very unusual among CLTs across the country.”

Melora Hiller, Executive Director, National Community Land Trust Network.



Homes in the Innisfree Neighbourhood



Home in the Common Ground Neighbourhood

The Lopez CLT is a registered non-profit and charitable corporation formed in 1989. The Lopez CLT serves the year-round rural population of 2,500 that dwells on the farms, hamlets, and one modest commercial centre (Lopez Village located on Fisherman Bay) of the 15-mile long islet.

LOPEZ CLT

- Established in 1989
- First Homes built in 1992
- Lopez CLT has now built 42 units – including 40 single family homes and 2 rentals.
- The Lopez CLT has developed all of its properties as limited equity cooperatives.
- The Lopez CLT finances land and housing costs thru grants and bank financing. All CLT coop residents must contribute a combination of sweat and/or cash equity.

The purposes of Lopez CLT are:

- To acquire and hold land in trust in order to provide for permanently affordable housing. Homes are to be built and lands used in an environmentally sensitive and socially responsible manner.
- To provide permanently affordable access to land for such purposes as quality housing, sustainable agriculture and forestry, cottage industries, and co-operatives by forever removing the land from the speculative market.
- To develop and exercise responsible and ecological practices, which preserve, protect and enhance the land’s natural attributes.
- To serve as a model in land stewardship and community development by providing information, resources, and expertise.

Both Orcas and San Juan Island are more populous than Lopez. Nevertheless, housing affordability is just as pressing a concern on Lopez as it is on its larger sister islands. Indeed local Lopez residents and CLT founders, Sandy Bishop and Rhea Miller began to develop the Lopez CLT concept in 1989 as a response to an incredible 190% increase in house prices on Lopez in that year.

Like other CLTs, Lopez CLT's units are targeted towards individuals and families of modest and moderate income levels. The Lopez CLT's goal is to reach households at 50% of San Juan County's area median income (AMI) but the average household served by Lopez CLT is actually earning only approximately 36% of the AMI.

The Lopez CLT constantly scans potential land acquisition opportunities and evaluates infrastructure servicing needs and costs. The Lopez CLT initiates housing developments based on community need and interest. Once a core group of potential residents is identified, Lopez CLT leads them through a 12 to 18 month participatory process to identify residents' preferences and to develop detailed designs. While the Lopez CLT takes the lead in arranging financing, identifying potential subsidies and securing blanket financing for the project – the future residents of the development are expected to participate heavily in the project planning and construction phases.

Lopez CLT – Using the Cooperative Model

In planning for its first housing development in 1992, the Lopez CLT ran into a major financial challenge. Even with keeping the home costs low - it became apparent that most of the selected residents would not be able to qualify for traditional bank financing for their homes. As a result, a local banker suggested that the CLT consider establishing a cooperative for the development. This then allowed the Lopez CLT to obtain blanket financing for the entire project and negated the requirement for home owners to qualify for mortgages individually.

Although using the cooperative model was initially driven by financial necessity - the Lopez CLT has come to believe that it is fact the best model for achieving their overall objectives.

As noted above, the future residents of a Lopez CLT neighborhood are identified pre-construction. Each resident purchases a share in the neighbourhood Limited Equity Cooperative (LEC) and is expected to also contribute some sweat equity through the construction period. Initial share prices have typically ranged between \$5,000 to \$10,000 each (based on neighborhood and unit size) and are comprised of a mixture of cash payment and sweat equity contributions. The Lopez CLT also operates two revolving loan funds to help provide financing for share purchases for individuals as required.

The Lopez CLT always maintains ownership of the land and the land is not subdivided – the Lopez CLT simply leases a portion of its land to the respective LEC on a 99 year lease. The neighborhood LEC is responsible for managing and maintaining the common spaces and exteriors of all the LEC units while individual residents are responsible for maintaining the interiors of their units, much the same way condo owners are responsible.

Individual members of the LEC (i.e. residents) are levied a Ground Lease Fee which is paid by the LEC to LCLT to help defray operating costs. Members are also levied a Reserve Fund Fee,

Maintenance Fee and a PITI payment based on the size of their unit or other formula devised by the LEC – with the total costs managed so they do not exceed 35% of the residents monthly income. The PITI payment is made to the lender, county and insurance company accordingly and is used to service and retire the construction loan/mortgage.

The following Table* provides an example of the typical monthly LEC member (resident) costs (* From Lopez CLT by Meagan Ehlenz, January 25, 2013)

Monthly Resident Costs (per LEC Unit)		
LEC	Fee	Amount
Morgantown Coop	Ground Lease Fee	\$50
	Reserve Fund Fee	\$25-\$30
	Maintenance Fee	\$25-\$30
	PITI	\$180
	Total	\$310-\$320
Coho Coop	Ground Lease Fee	\$55
	Reserve Fund Fee	\$25-\$30
	Maintenance Fee	\$25-\$30
	PITI	\$250
	Total	\$355-\$365
Innisfree Coop	Ground Lease Fee	\$45
	Reserve Fund Fee	\$25-\$30
	Maintenance Fee	\$25-\$30
	PITI	\$350
	Total	\$445-\$455
Common Ground Coop	Ground Lease Fee	\$60
	Reserve Fund Fee	\$25-\$30
	Maintenance Fee	\$25-\$30
	PITI	\$640
	Total	\$750-\$760
Tierra Verde	Ground Lease Fee	\$65
	Reserve Fund Fee	\$25-\$30
	Maintenance Fee	\$25-\$30
	PITI	\$600
	Total	\$715-\$725

Ground Lease Fee: Fee paid to CLT; increases by 15% every 10th year.

Reserve Fund Fee: Long-term reserves for major repairs/rehabilitation of common areas and coop buildings (e.g. window replacement, roof replacement)

Maintenance Fee: Short-term reserves for annual repairs of common areas and coop buildings (e.g. fencing, siding repair, landscaping and grounds maintenance)

PITI: Payment includes principle, interest, taxes and insurance.

The higher fees for the newer Common Ground and Tierra Verde neighbourhoods reflect the larger size of these homes; the dramatic increase for infrastructure and associated costs; and the fact that they are both net-zero energy developments - substantially reducing the homeowners utility costs.

While the fees are levied on individuals the LEC collectively is responsible for ensuring payments of the fees to the Lopez CLT. The Lopez CLT will provide technical assistance and coaching but as much as possible looks to the LEC to effectively manage its own neighborhood and members.

When a resident decides to leave the coop, their shares are re-purchased at a pre-set resale formula (typically the Share purchase price - which includes sweat equity - plus 3 to 5% simple interest/year). If an improvement is made to the home - with the cooperative association's and LCLT's approval - that value can also be added to the sale price. Like all CLTs this pre-set share resale formula is intended to ensure that the CLT homes remain affordable in perpetuity. The LEC facilitates and manages the transfer of shares, after LCLT ensures that applicants meet the income profile that the CLT was created to serve.

The Lopez CLT Neighbourhoods

The Lopez CLT owns five parcels of land on Lopez Island totalling approximately 13 acres. As of June 2016, the Lopez CLT has developed six different neighbourhoods with a total of 40 single family homes and 2 rental units. The homes range in size from 500 to 1300 square feet and average 650 square feet. All of the homes are based on sustainable design principles and built by a team of skilled professionals, volunteers, interns and the homeowners themselves. The majority of the homes in these neighbourhoods are equipped with rain catchment systems and solar power.

LEC Development	Year	# of Homes	Project Cost	Sources of Financing
Morgantown	1992	7	\$483,000	\$373,000 Grants & Contributions & DP \$110,000 Permanent Bank Financing
Coho	1995	7	\$615,384	\$115,684 Grants & Contributions & DP \$499,700 Bank Financing
Innisfree	2003	8	\$1,296,000	\$631,885 Grants & Contributions & DP \$664,115 Bank Financing
Common Ground	2009	11 + 2 rental units	\$2,500,000	\$1,415,000 Grants & Contributions & DP \$1,085,000 Bank & LCLT Financing
Tierra Verde	2012	4	\$804,500	\$484,500 Grants & Contributions & DP \$320,000 Bank & LCLT Financing
Salish Way	2015	3	\$535,000	\$257,000 Grants & Contributions & DP \$278,000 Bank & LCLT Financing

DP = Down Payment

Almost 45% of Lopez CLT residents are either business owners or self-employed individuals.

Other Lopez CLT Initiatives

In 1996, the Lopez CLT launched the Sustainable Agriculture and Rural Development (SARD) initiative. SARD includes a variety of programs geared toward sustainable agriculture and rural development.

Because it was prohibitively expensive to ship livestock to the nearest USDA processing facility located on the mainland, local farmers had identified a mobile meat-processing unit as a pressing need. Over the span of several years, the Lopez CLT conducted feasibility studies and developed partnerships with the USDA, eventually designing and purchasing the first mobile meat-processing unit in the United States. Financed in part by a \$150,000 low-interest loan from the Institute for Community Economics, the mobile processing unit was subsequently leased to the Island Grown Farmers Cooperative for one dollar per year, with the long-term plan of eventually transferring ownership to the Co-op, which occurred a couple of years ago. Now in its tenth year of operation, the MPU serves five counties and processes beef, pork, and lamb for 35 farmers of the Island Grown Farmers Cooperative.

Lopez CLT has also developed a collaboration with BioMedix to create a fully certified Food Safety Lab at the Lopez CLT office. New FDA, FSMA food safety regulations require food producers to provide periodic, documented and objective evidence that their food products are not contaminated and are not being manufactured, packaged or stored in a contaminated environment. This lab and equipment allows Lopez Island farmers and food producers access to equipment and training that allows them to perform these required screening tests. Farmers and food producers are able to use the Lab and equipment at a reasonable fee and saves them individually purchasing the equipment or hiring off-island labs to do the testing.

Other SARD initiatives include hosting and managing annual sustainable agriculture and construction internships, a farm products guide for residents to locate goods on the island, a grain CSA for producing grain on the island rather than importing it and - regular food charrettes. The Trust co-founded a garden and farm program in the school district which educates children on the importance of sustainability. The Lopez CLT also manages an open-pollinated seed library. The CLT houses the library in an existing CLT-owned structure, and hires a part-time seed librarian to run the program.

The most current SARD project involves fundraising for the purchase of the 48 acre Stonecrest Farm, located in the middle of the island. The farm will be held in trust and operated using regenerative farm principles.

Lopez CLT Governance, Administration and Operating Budget

The Lopez CLT currently has two FTE staff positions held by four people - an executive director, assistant director, administrative assistant, and a seed librarian — and is governed by an eight-member board of directors.

As shown below, the organization's operating budget varies considerably year by year with housing construction costs, major projects and grants.

	2014	2013	2012	2011
Total Income	\$362,832	\$455,540	\$522,106	\$327,793
Total Expenses	\$519,723	\$709,389	\$169,545	\$161,341
Net Assets	\$1,887,056	\$2,43,947	\$2,302,811	\$1,954,757

The organization maintains a very lean overhead administrative structure. In 2014 the expenses for core administration costs were \$27,305. In the 2014 calendar year, the Lopez CLT brought in \$45,739 in land lease fees and rents.

To help offset operating costs the Lopez CLT has established a Special Endowment Fund. The goal is to try and raise at least \$300,000 in the SEF. At the end of December 2014 the SEF balance was approximately \$150,000.



Lopez CLT homes in the Coho and Common Ground Neighbourhoods

Further Information

The Lopez CLT website www.lopezclt.org is extensive with great information - including several very good videos- explaining the history and operations of the Lopez CLT.

The “*Limited Equity Coops by Community Land Trusts – Case Studies and Feasibility Assessment for the Hybrid Model*” Report by Meagan Ehlenz, Feb 2013 and available at www.cltnetwork.org/wp-content/uploads/2013/12/2013-Limited-Equity-Coops-by-CLTs.pdf provides another very good case study of the Lopez CLT and other CLTs using the LEC model.

In 2014, the Lopez CLT was profiled by the Capital Institute in an article and videos and can be viewed here <http://fieldguide.capitalinstitute.org/lopez-land-trust.html>

Meagan Ehlenz has also authored another 2014 report titled “*Community Land Trusts And Limited Equity Cooperatives: A Marriage Of Affordable Homeownership Models?*” that is available at www.community-wealth.org/sites/clone.community-wealth.org/files/downloads/Ehlenz-report.pdf

San Juan Community Home Trust,

San Juan Island, WA

SJCHT's mission and purpose focusses on creating permanently affordable housing for low- and moderate-income island residents, promotes economic diversity and development, and supports a sustainable island community while practicing responsible stewardship of the island's rural environment.



San Juan CHT homes in the Salal Neighbourhood

The San Juan Community Housing Trust (SJCHT) is the newest of the three land trusts in the San Juan Islands. The SJCHT serves the city of Friday Harbor, the county seat, and the rural area of San Juan Island. The permanent year round population of San Juan Island is approximately 7,000.

SJCHT CLT

- Creation of SJCHT led by 3 residents with start-up funding provided by two local individuals.
- Incorporated in 2001
- In 2003 first 2.4 acre site acquired
- First homes completed in 2004 in Salal Neighbourhood
- Second development of 14 homes completed in 2009.

SJCHT, incorporated in 2001, is a registered non-profit and charitable corporation that aims to make homeownership possible for working people on San Juan Island. In recent years, the gap between earned wages and housing prices increased so much it became almost impossible for wage-earning residents to purchase a home on the island. *Community preservation through forever affordable housing* is another way of expressing the Home Trust's desire to keep San Juan Island a vibrant and diverse community, where people of all ages and income levels can thrive.

Since its inception, key individuals have provided leadership, building community support for the ideas that form SJCHT's foundation. Two community members donated the Trust's start-up funds; additional grants have come from the Washington State Housing Trust Fund, and mortgage financing has been provided by the US Department of Agriculture Farmers Home Loan program.

The SJCHT acquires land, develops homes, qualifies applicants, packages mortgages and provides homebuyer education classes. Like the other two San Juan Island CLTs, SJCHT raises funds from a variety of sources including some very significant financial support from private donors on the Island. For example in July 2014, one donor provided a \$300,000 matching grant to the SJCHT. In October 2015, eight other individual donors pledged \$600,000 to the SJCHT to help provide funding to build homes.

To date the SJCHT has built three developments – the Salal neighbourhood and the Sunrise I and Sunrise II neighbourhoods.

All homes created by SJCHT have been ownership-leasehold or condominium (strata) tenancy, with the condominium association as the owner of the land (in the case of the Sunrise I development). No rentals have been created, although the Trust is now considering rental properties and homes for agricultural workers.

All SJCHT homeowners must have lived on San Juan Island for at least three years (unless special exemption) and not be able to afford a market rate home on the island. Government grants are available to SJCHT to build homes for home owners earning 80% or less than the median county income (for a family of 4 currently approximately \$53,000) which is considered “low income” in San Juan county. The Washington State Housing Trust has historically provided grants of up to \$55,000 per unit and the Federal Self-help Opportunity Program provides grants of \$15,000 per unit. The SJCHT fundraises to fill the total construction costs gap that is left between what can be recovered from government grants and homebuyer mortgages. At the end of 2015, the SJCHT had 30 households on its waiting list.

The Salal Neighbourhood

The Salal neighbourhood was the SJCHT’s first neighbourhood of affordable homes consisting of 15 single family homes on 2.4 acres. In order to keep the houses affordable, the Home Trust initially worked with a modular building company – with the first 10 houses factory built and then assembled on site. The last 5 homes were custom built. All fifteen homes were designed to look like traditional island farmhouses and are 2 to 3 bedroom homes ranging from 1100 to 1300 square feet. In Salal, ownership of the land is retained by the SJCHT and leased to the homeowners through a 99-year renewable ground lease.

Sun Rise Development

In 2009, SJCHT developed an innovative strategic partnership with a land developer who was having difficulty receiving approval for development of a vacant, former agricultural 15-acre parcel of land. The SJCHT approached the land developer suggesting that rezoning of the land might be more palatable to the City if a portion of the land was donated for permanently affordable housing. The developer agreed, and SJCHT received 5 of the acres with the developer gaining City approval and rezoning for the remaining 10 acres.

The agreement with the City encouraged the SJCHT to build homes within a short time frame. Therefore, a condominium subdivision model was chosen by the SJCHT for this development in order to facilitate and accelerate housing development. In Sun Rise I, the buildings and land are

owned in common by the residents and kept affordable over the long term by using a deed restriction called a Permanent Affordability Covenant.

The Sun Rise I community has 14 homes in six buildings of attached duplexes and triplexes on 1.3 acres of land surrounding a common single courtyard. Designed to be environmentally sensitive the homes have solar hot water heating systems, rainwater catchment, air to air heat exchangers and a “Living Machine” wastewater treatment system to reclaim and reuse treated wastewater for toilets and landscaping.

There are 47 families/individuals (including 27 children) currently living in the 29 homes in the Salal and Sun Rise I neighbourhoods. The homeowners span all ages and work in many essential community service areas including schools, health care, grocery stores, construction and the arts.

Saving Greater Victoria BC Homes to provide Affordable Housing on San Juan Island

Perhaps somewhat ironically, while Victoria and Vancouver struggle with affordable housing issues, the SJCHT has found a way to save Canadian homes slated for demolition and use them for affordable housing on San Juan Island.

Currently, SJCHT is developing the Sun Rise II neighbourhood, which will create a "pocket neighborhood" of 12 homes, making use of "recycled" houses, small bungalows built in the early 1900s that were slated for demolition. The homes were purchased by SJCHT, brought by barge to San Juan Island, delivered to the site and are being refurbished. The first three homes arrived on San Juan in August 2015. Using these re-purposed houses allowed the Trust to make use of homes featuring fine craftsmanship and character; while saving these resources from demolition and the landfill. The SJCHT also believes the total cost should be comparable or less than new construction. As of September 2016, five of the homes are now occupied and three are still under renovation. Pending successful fund raising, it is hoped the remaining four homes can be moved to the site by 2017.



Houses from Oak Bay and Victoria being barged out to Washington State
Nancy DeVaux, Executive Director SJCHT



Sun Rise II Homes - Photos by Nancy DeVaux, Executive Director SJCHT

Much of the planning for the third phase of development of the land parcel – Sun Rise III – remains for the future.

San Juan CHT Housing Developments

Neighbourhood	Number of Homes	Year Completed	
Salal	15		<ul style="list-style-type: none"> ▪ Single Family homes ▪ Homes range from 1,100 – 1,300 square feet ▪ Leasehold Land Tenure (99 Year Renewable) ▪ Home buyer mortgages covered approximately 2/3 of construction costs
Sun Rise I	14	2011	<ul style="list-style-type: none"> ▪ Six Attached Duplex and Triplex buildings ▪ \$5.2 million total project cost ▪ Subdivision under Condominium Act – the Washington Condominium Association leases the land
Sun Rise II	12	2017	<ul style="list-style-type: none"> ▪ Single family homes ▪ All relocated and updated heritage homes slated for demolition

Keeping San Juan CHT Homes Affordable in Perpetuity

Like other CLTs, the SJCHT uses land lease restrictions, deed restrictions and a legal resale formula to ensure that its homes remain affordable in perpetuity.

At time of resale, the SJCHT and homeowner(s) jointly calculate the resale formula to determine the new sale price of the home with the restriction that the current home owner must sell to other income-eligible applicants. The resale formula is determined using the change of percentage of increase of Area Median Income (AMI) from time of purchase to time of sale:

Original price + % (AMI increase) of original price = new sale price

To illustrate, suppose the AMI has increased 10% since the date a home was purchased. If the house initially sold for \$136,000.00, the seller would calculate 10% of that amount, or \$13,600. That amount is added to the original purchase price, \$136,000, leading to a sale price of \$149,600.

The seller of the home is entitled to all of the proceeds of the sale of their house, minus any outstanding mortgage loans and costs of any repairs necessary to return the home to the SJCHT's standards for resale. The SJCHT requires and oversees resales to ensure all conditions are properly met.

San Juan CHT Governance, Administration & Operating Budget

The SJCHT's 12 member volunteer Board of Directors provides strategic direction and oversight for the CLT. The SJCHT currently has three staff – an Executive Director, Bookkeeper and an Administrative Assistant.

As shown in the table below, SJCHT's annual revenues and expenditures vary significantly year by year based primarily on when major grants are received and major construction costs incurred.

	2014	2013	2012	2011
Total Revenue	\$401,649	\$356,950	\$997,334	\$1,811,993
Total Expenses	\$253,005	\$474,930	\$1,497,554	\$2,726,964
Net Assets	\$1,671,485	\$1,522,841	\$1,951,285	\$3,111,261

Core administration costs have typically ranged from \$70,000 to \$75,000 per year.

Further Information

The San Juan Community Housing Trust website has a variety of very good information on operations and accomplishments www.hometrusted.org

The SJCHT (like OPAL & Lopez CLT) are members of the Northwest Community Land Trust Coalition. The Coalition website has significant resources on CLTs: www.nwcltc.org

The relocation of Greater Victoria homes to San Juan Island has received extensive media coverage in both Canada and the U.S. including in the New York Times:

www.timescolonist.com/news/local/more-oak-bay-houses-destined-for-san-juan-islands-1.2220840

www.theglobeandmail.com/real-estate/vancouver/oak-bay-bc-heritage-houses-finding-new-life-in-us/article29393350/

www.nytimes.com/2016/04/19/us/old-houses-from-canada-become-new-homes-in-washington-state.html?_r=0